

Message Text

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ORIGIN L-03

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TO AMCONSUL TIJUANA

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SUBJECT: LAND SALES - BAJA CALIFORNIA ROLE IN SAN ANTONIO
SHORES

REF: A. TIJUANA A-45 (7/27/73)

B. ANDERSON-KOCH LETTER (TO BE POUCHED)

1. IN RECENT WEEKS SEVERAL MEMBERS OF CONGRESS AND
SENATORS HAVE RAISED WITH DEPARTMENT VARIOUS ISSUES
ARISING OUT OF RECENT ATTEMPTS OF BAJA CALIFORNIA OFFICIALS
TO TAKE OVER SAN ANTONIO SHORE DEVELOPMENT AND TO CONVERT
EXISTING LEASES AND CLUB ARRANGEMENTS (OF QUESTIONABLE
LEGAL VALIDITY) TO TRUSTS PROVIDED UNDER NEW MEXICAN
FOREIGN INVESTMENT LAW. DEPARTMENT BELIEVES IN GENERAL
THAT EFFORTS OF STATE GOVERNMENT ARE LAUDABLE AND SHOULD
BE ENCOURAGED; HOWEVER, WE SEE SEVERAL PROBLEM AREAS
DEVELOPING AND REQUEST YOU PROVIDE US BOTH WITH ANY
FURTHER INFORMATION AVAILABLE CONCERNING ACCURACY OF
COMPLAINTS AND ANY SUGGESTIONS YOU MAY HAVE REGARDING
POSSIBLE USG DEMARCHE OR OTHER ACTIONS AT THIS TIME.

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2. AS CONSULATE AWARE, SEVERAL AMERICAN CITIZEN "OWNERS" IN SAN ANTONIO SHORES HAVE BROUGHT LEGAL ACTIONS AGAINST ORIGINAL DEVELOPERS, SEEKING RECISSION OF CONTRACTS, DAMAGES AND OTHER RELIEF. SEVERAL HAVE COMPLAINED (ALLEGEDLY TO PRESIDENTS ECHEVERRIA AND NIXON AS WELL AS

TO THEIR SENATORS) THAT THE GOM OR BAJA CALIFORNIA GOVERNMENT IS INTERFERING WITH THE JUDICIAL PROCESS IN SUCH A WAY AS TO PRECLUDE A DECISION ON THE MERITS.

3. THERE ARE ALSO UNSUBSTANTIATED CHARGES OF IRREGULARITIES IN THE WAY IN WHICH THE BAJA CALIFORNIA GOVERNMENT IS HANDLING THE REORGANIZATION OF SAN ANTONIO SHORES, E.G., THAT OFFICIALS ARE IN COLLUSION WITH THE ORIGINAL DEVELOPERS, THAT THE TRUST ARRANGEMENT IS NOT BEING PROPERLY SET UP, THAT PAYMENTS HAVE BEEN MADE TO THE DEVELOPERS BUT NOT TO THE "PURCHASERS". (REF A WOULD SEEM TO REFUTE, AT LEAST IN PART, THESE ALLEGATIONS.) UP TO NOW ALL INFORMATION AVAILABLE TO US INDICATES THAT THE PROBLEMS HAVE ARISEN STRICTLY OUT OF THE PRIVATE RELATIONSHIP BETWEEN AMERICAN INVESTORS AND THE PRIVATE DEVELOPERS; WE ASSUME THAT THIS IS STILL THE CASE.

4. RELATED ISSUE, LIKELY TO CAUSE FURTHER DIFFICULTIES, CONCERNS PRESENT POSITION OF FIRMS OR INDIVIDUALS (AT LEAST ONE A US COMPANY, SEE REF B) WHO ARE HOLDERS OF MORTGAGES ISSUED TO AMERICAN CITIZEN "OWNERS" ON BASIS OF ORIGINAL TENURE ARRANGEMENTS. TO EXTENT STATE'S ACTION IN TAKING OVER AND REORGANIZING SAN ANTONIO SHORES JEOPARDIZES ANY LEGAL RIGHTS THESE HOLDERS MAY HAVE, WE CAN EXPECT FURTHER REQUESTS FOR DEPARTMENT ASSISTANCE.

5. ORIGINAL (ADMITTEDLY SECOND HAND) REPORTS OF STATE TAKEOVER INDICATED INTENT OF STATE OFFICIALS TO GIVE EXISTING INVESTORS CHOICE BETWEEN CONVERSION INTO VALID TRUST AGREEMENT AND REIMBURSEMENT OF OUT-OF-POCKET COSTS. IS THIS STILL THE CASE AND, IF SO, HAVE ANY INVESTORS RECEIVED SUCH PAYMENTS? ROGERS

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